

THE STATE



OF WYOMING

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JIM GERINGER
GOVERNOR

Public Service Commission

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SECRETARY AND CHIEF
COUNSEL
DAVID M. MOSIER
ADMINISTRATOR

RECEIVED

March 30, 2000

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Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th St., N.W., Room TW-204B
Washington, DC 20554

and

Mr. David Rolka
United States Administrative Company
2120 L. Street NW, Suite 600
Washington, DC 20037

RE: CERTIFICATION OF THE WYOMING PUBLIC SERVICE COMMISSION THAT ALL
FEDERAL HIGH-COST SUPPORT PROVIDED TO NON-RURAL CARRIERS IN
WYOMING IS USED ONLY FOR THE PROVISION, MAINTENANCE, AND UPGRADING
OF FACILITIES AND SERVICES FOR WHICH THE SUPPORT IS INTENDED (CC
DOCKET NO. 96-45)

Dear Ms. Salas and Mr. Rolka:

Enclosed is a copy of this cover letter please stamp received on this copy and return to
Denise Parrish in the stamped envelope enclosed.

Sincerely ,
Rachele Glasgow

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UPGRADING OF FACILITIES AND SERVICES FOR WHICH THE SUPPORT IS
INTENDED (CC DOCKET NO. 96-45)

Dear Ms. Salas and Mr. Rolka:

The Wyoming Public Service Commission (WPSC) hereby submits its annual certification that all of the federal funds provided to U S WEST Communications, our only non-rural carrier in Wyoming, are used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. The WPSC is the agency of the government of the State of Wyoming having the jurisdiction to regulate, *inter alia*, the intrastate activities of telecommunications companies serving in Wyoming.

Section 54.313(c)(1)(i) of the FCC's rules requires that states certify that the federal support is being used by non-rural carriers for one of the designated appropriate purposes.¹ Specifically, this rule states:

Certification filed on or before April 1, 2000. Carriers subject to certifications that apply to the first and second quarters of 2000, and are filed on or before April 1, 2000, shall receive support pursuant to section 54.309 of this Subpart for the first and third quarters of 2000 in the third quarter of 2000, and support for the second and fourth quarters of 2000 in the fourth quarter of 2000. Such support shall be net of any support provided pursuant to section 54.311 of this Subpart for the first or second quarters of 2000.

Since U S WEST is receiving hold-harmless funds at this time, pursuant to Section 54.311, rather than support based on the forward-looking formula described in Section 54.309 of the FCC's rules, it is not clear that the WPSC is required to file this annual certification. However, we do so in an abundance of caution. In doing so, we certify that the federal universal service funds received by U S WEST are used as a bill credit on the bills of basic retail service customers. Thus, they are being used to assist high cost customers in paying for essential services, which we see as one aspect of the provision of service.

In its most recent order regarding the retail rates for U S WEST Communications, dated September 16, 1999, the WPSC authorized, the following monthly retail prices — prices that eliminate implicit subsidies and are based on forward-looking costs:

Base Rate Area	\$23.10
Zone One	\$23.10 plus zone charge of \$15.50
Zone Two	\$23.10 plus zone charge of \$25.50
Zone Three	\$23.10 plus zone charge of \$46.25

The WPSC retail rate decision for U S WEST then took these unsupported, gross prices for service and targeted the federal universal service fund directly to customers. We emphasize that the following federal high cost support, designated by zone, is directly targeted to customers in the form of a bill credit offsetting the actual cost of service to that zone customer, as specified above. Thus, the customer sees both the unsupported price of service on the bill, as well as the amount of support coming from each of the federal and state universal service funds on the bill. The federal universal service fund targeted, monthly, per line amounts are currently established as:

¹These purposes are exclusively designated in § 54.313(a) of the FCC's rules as the provision, maintenance, and upgrading of facilities and services for which the support is intended.

Base Rate Area	\$ 0
Zone One	\$ 2.00
Zone Two	\$ 6.50
Zone Three	\$12.25

Representatives of the WPSC and U S WEST are currently in discussions regarding the establishment of a process that would update these bill credits on a periodic basis to reflect the quarterly updates of the federal support levels. It is our intent to make sure that all of the federal support funds are used to reduce the cost of providing service to customers and that none of the funds are maintained for internal purposes by U S WEST.

In addition to requiring an annual certification for non-rural incumbent local exchange carriers, the FCC also directs the states to file a certification for competitive eligible telecommunications carriers seeking high-cost support in the service area of a non-rural local exchange carrier.² Only one competitive carrier serving in U S WEST's service territory has filed a request for eligible telecommunications carrier (ETC) status with the WPSC, that carrier being Silver Star Communications. Silver Star was granted ETC status in Wyoming for its competitive services, but further requested a study area waiver, which is currently pending before the FCC. Thus, if granted the study area waiver, it would not be receiving portable support based on U S WEST's non-rural status. Additionally, given that this study area waiver request is pending before the FCC, it is our understanding that no funds are being received at this time by Silver Star other than those it receives as a rural incumbent carrier. However, again in an abundance of caution, the WPSC addresses the use of federal funds by Silver Star in this annual certification.

Silver Star's prices for its competitive local exchange services are no longer regulated by the WPSC pursuant to a finding under Wyoming law that these services are effectively competitive. Thus, we do not have specific information regarding how the federal support funds are intended to be used. However, the WPSC rules regarding the state universal service funds provide some assurance that any federal universal service fund support received by a carrier is taken into account when determining the amount of state universal service funds that the carrier will receive. Additionally, Silver Star stated in its ETC application that the federal support funds were a necessary component in order to provide the first-class, facilities-based services that it is in the process of providing throughout the U S WEST Afton exchange area.


While the WPSC has focused its attention in this certification letter on how the federal funds are being used by non-rural and competitive carriers, we must also take this opportunity to re-emphasize our position that the funds allocated for Wyoming's non-rural carrier are not enough to meet the federal tests of sufficiency, predictability, and rate comparability. In this regard, we continue to ask the FCC to grant the WPSC's Petition for Reconsideration in this docket, to consider the


²Ninth Report and Order and Eighteenth Order on Reconsideration in CC Docket No. 96-45, paragraph 97.

special needs and circumstances of sparsely populated, high cost states, such as Wyoming. As shown by our rate levels specified above, we continue to be concerned about our limited resources to maintain affordable rates for basic, essential services, without additional federal support. The federal-state partnership must not be a one-size-fits-all.

In conclusion, the WPSC certifies that the federal universal service funds received by non-rural or competitive local service providers with eligible telecommunications carrier status are using the funds explicitly to assist in the provision of service to high-cost areas in Wyoming.

Sincerely,


Steve Ellenbecker
Chairman


Steve Furtney
Deputy Chairman


Kristin Lee
Commissioner